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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

APR 25 1996

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

In the Matter of

Amendment of Part 20 and 24 of the
Commission's Rules -- Broadband
PCS Competitive Bidding and the
Commercial Mobile Radio Service
Spectrum Cap

Amendment of the Commission's
Cellular PCS Cross-Ownership Rule

DOCKET FILE COPY ORIGINAL

WT Docket No. 96-59

GN Docket No. 90-314

REPLY COMMENTS OF SPRINT CORPORATION

Sprint Corporation ("Sprint") hereby submits its reply to comments filed in response to the above-captioned Notice of Proposed Rulemaking ("Notice") (FCC 96-119) released March 20, 1996. Sprint's reply addresses the retention of the various existing spectrum caps.

Sprint's initial comments urged the Commission to maintain the spectrum aggregation limits currently in place [the PCS/cellular crossownership rule limiting cellular licensees to 35 MHz of combined cellular and PCS spectrum per geographic area; and the 40 MHz limit on total PCS spectrum per geographic area] rather than abandoning them in favor of the 45 MHz CMRS spectrum cap for any combination of broadband PCS, cellular and SMR. (Sprint comments at 9-10) On the other hand, the Cellular Telecommunications Industry Association ("CTIA") and a number of cellular companies and companies with cellular interests argued

for relaxation of the rules, by eliminating all but the 45 MHz cap.¹ However, there is considerable support for Sprint's position among commenters.² In fact, the comments of North Coast even stated that "the Commission should hardly relax its cellular/PCS cross-ownership and PCS spectrum cap rules, it should tighten them...." (North Coast Comments at 16)

Sprint's comments stressed that 1) the spectrum caps were carefully developed by the Commission; 2) revising the ground rules midway through the licensing process would disadvantage entities who made business decisions in previous auctions based on the restrictions then in place; and 3) abandoning the PCS cellular crossownership rule in favor of a 45 MHz cap could actually limit, rather than promote competition, since it would enable cellular providers to acquire both D and E block licenses in a single BTA.

As the Notice stated, the Commission's intent in possible reexamination of its current rules is to promote increased competition (Notice at para. 9). To quote TDS, "[t]he Commission has a voluminous record supporting its current rules and policies....The Commission has ample support in this existing

1. See, e.g., comments of AT&T Wireless Services, Inc., BellSouth Corporation, Cellular Communications of Puerto Rico, Inc., Cincinnati Bell Telephone Company, GTE Service Corporation, Radiofone, Inc., and Vanguard Cellular Systems, Inc.

2. See, e.g., comments of Columbia Cellular, Inc., Cook Inlet Region, Inc., DCR Communications, Inc., Mountain Solutions, North Coast Mobile Communications, Inc., Rendall and Associates, Telephone and Data Systems, Inc., and Telephone Electronics Corporation.

record for continued reliance on its existing rules and policies [regarding the PCS/cellular crossownership rule, the broadband PCS limits and the attribution standards]. (TDS comments at 3) Sprint emphatically agrees. Further, we respectfully urge that the Commission in its deliberations examine carefully the potential adverse impact on competition that could result from modifying these rules, particularly the PCS/cellular crossownership restriction.

AT&T asserts that "[a] single ownership rule and a single attribution rule would both accomplish the Commission's goal of maximizing competition and adhere more closely to Congress's objective of regulatory parity for all CMRS licensees." (AT&T at 9-10) Sprint challenges this simplistic conclusion. Adopting "one size fits all" rules at this juncture would in fact frustrate the goals of regulatory parity and increased competition. Indeed, the tremendous competitive advantage that existing cellular carriers already possess tilts the playing field against new PCS entrants. Incumbent cellular providers already have a 10+ year head start on the competition, and a dominant position in the existing CMRS marketplace. In addition, they have large existing and rapidly expanding customer bases, robust networks and systems, and impressive financial results and resources. Moreover, under the current rules cellular providers already have ample opportunity to increase

their foothold in the market, since they may acquire a 10 MHz broadband PCS license in either the D or E block, and, additionally, may partner with an F block licensee. Furthermore, as DCR's comments point out, "[t]he Commission's rules permit cellular licensees to obtain more spectrum once PCS companies have had an opportunity to establish themselves [beginning in the year 2000]."³ (DCR at 14) Under the circumstances, Sprint believes that at the present time restricting cellular providers to 35 MHz of total cellular and PCS spectrum in the same geographic area is entirely reasonable.

All of the above argues forcefully for retaining the existing rules, in order to approximate a level playing field to ensure that newer PCS entities have the opportunity to compete against entrenched cellular providers. Thus, the potential for competition in the PCS marketplace and its consequent benefits for consumers will be maximized. Furthermore, as our initial comments asserted, any change in the rules at this time would also tilt the playing field against licensees in the A, B and C blocks and would likely signal the onset of further litigation.

3. 47 C.F.R.. Section 24.204(b).

Sprint therefore urges the Commission to pursue the prudent course on which it has embarked. It is sound, it is equitable, and it will benefit consumers.

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April 25, 1996

CERTIFICATE OF SERVICE

I, Melinda L. Mills, hereby certify that I have on this 25th day of April, 1996, sent via U.S. First Class Mail, postage prepaid, or Hand Delivery, a copy of the foregoing "Reply Comments" of Sprint Corporation in the Matter of Amendment of Part 20 and 24 of the Commission's Rules - Broadband PCS Competitive Bidding and the Commercial Mobile Radio Service Spectrum Cap, WT Docket No. 96-59, and Amendment of the Commission's Cellular PCS Cross-Ownership Rules, GN Docket No. 90-314, filed this date with the Acting Secretary, Federal Communications Commission, to the persons on the attached service list.


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